

## CASE FILE NO. \_\_\_\_\_

## REPORT MADE \_\_\_\_\_

AT: **Bangkok, Thaila**  
 DATE: **January 27, 196**

BY: **Albert Habib**  
**Narcotic Agent**

## SUBJECT OF THIS MEMORANDUM

**Heroin and morphine  
 in Laos.**

XXX

DETAILS (if report is over two pages in length summarize in first paragraph)

1. Reference is made to previous correspondence regarding Laos narcotic traffic and request of Ambassador William H. Sullivan for this Agent to investigate activities of morphine and heroin laboratories operating in Laos, and determine if there is any American involvement in the narcotic traffic in Laos.
2. On December 15, 1965, I was directed by District Supervisor Taylor to proceed to Vientiane to investigate and determine the production of opium and the conversion of opium into morphine base and heroin in laboratories operating in the Louang Prabang, Houei Sai, and Vientiane areas. I was further instructed to attempt to locate these laboratories make undercover approaches to traffickers, and obtain local cooperation with views of enforcing narcotic laws in Laos.
3. I proceeded to Vientiane, Laos, and on December 16, 1965, I met with U.S. Ambassador William H. Sullivan, with whom I had a conference regarding my presence in Laos. Ambassador Sullivan advised me of the political situation in Laos and the high personalities involved in the traffic. Ambassador Sullivan told me that at this time, he would like me to conduct my investigation with American personnel to determine if there were any American involvement. I was instructed to gather all the facts possible regarding the traffic in Laos, laboratories, American involvement, etc., and submit a report to him at which time he would make a decision as to the action that should be taken.
4. I conducted part of my investigation from December 16, to December 23, 1965, and returned to Bangkok (re: my report #2253, dated January 3, 1966).

(continued)

COPY OF THIS MEMO FURNISHED TO \_\_\_\_\_

SIGNATURES

BUREAU: .....3cc

DISTRICT NO. \_\_\_\_\_

FILES: .....X

*Albert Habib*  
 (NARCOTIC AGENT)  
**Albert Habib-**

APPROVED: *Bowman G. Taylor*  
 (DISTRICT SUPERVISOR)  
**Bowman G. Taylor**

SECRET

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5. On December 16, 1965, I conferred with Mr. Blaufarb and Mr. Lilley of the Political Section. Mr. Blaufarb and Mr. Lilley, who are very well acquainted with the opium traffic in Laos, told me that the opium trade in Laos has been and still is controlled by a group of high government officials, including General OUAN RATHIKOUN, Chief of the Laotian Army. They further told me that they are aware of laboratories converting opium into morphine and heroin at Louang Prabang and Houei Sai.
6. On December 17, and December 18, 1965, I conferred with Mr. Alex Maverro, Executive Officer, USAID; Mr. Jack Williamson, Operation Officer, USAID; and Mr. Steve Gustafson, Operation Officer, Refugees Relief at Paksay, USAID, in regard to American personnel involved in the narcotic traffic, and they were unable to provide me with any information concerning any American involvement.
7. On December 21, 1965, I met and conferred with Mr. Paul Skuse, Chief, U.S. Public Safety Advisor, Laos, regarding the narcotic traffic and obtaining cooperation from the local law enforcement officers. Mr. Skuse stated that the traffic do indeed exist, and because of the political situation, he doubted that we could obtain any cooperation from local law enforcement agencies at this time. Mr. Skuse stated that he knew of no American personnel involved in the Narcotic traffic. On December 21, 1965, I conferred with Mr. D.P. Sheppard, Director, USIS, and Mr. J.S. Stone, Assistant Director, USIS, who advised that they knew of no American personnel involved in the narcotic traffic.
8. On January 10, 1966, District Supervisor Taylor and I returned to Vientiane and met with Ambassador Sullivan in the presence of Douglas S. Blaufarb, Political Section; N.G.W. Thorne, Administrative Officer; and Elwood J. McGuire, Security Officer. At that time, Ambassador Sullivan requested that I stay in Vientiane and continue to talk to American personnel stationed in Vientiane, Laos, and gather all the facts possible and submit a report to him. At the request of Ambassador Sullivan, from January 10, to January 15, 1966, I remained in Vientiane and continued to gather facts regarding possible American involvement and attempt to provide proof of laboratories operating in Louang Prabang and Houei Sai areas.
9. After conferring with a number of American personnel stationed in Laos, it has been established that there is a big narcotic problem in Laos. It has been ascertained that in Louang Prabang and Houei Sai regions, there are laboratories converting opium into morphine and heroin, destined to international narcotic traffickers in Thailand, Saigon, Hong Kong, etc. It has further been established that high government officials including General OUAN RATHIKOUN, his brother-in-law, PHOUI SOUKSAVAT, and former Chief of Police at Louang Prabang, THAO KHAMPHING (phonetic) and Col. HUANG Hsiang-ch'un are engaged in the narcotic traffic. Further, that these traffickers are using Laos military personnel and military equipment to facilitate their trafficking.

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10. On January 10, 1966, I conferred with Mr. Robert E. Rousselot, President Continental Air Service, and Mr. Donald M. Rinker, Special Assistant to the President, Continental Air Service, in regard to American personnel involved in the narcotic traffic, and they were unable to provide me with any information concerning any American involvement.

11. On January 10, 1966, District Supervisor Taylor, Mr. McGuire, Security Office, U.S. Embassy, Vientiane, Laos, and I interviewed Air America Security Officer, Luther F. Gilbert concerning any indications he had of Americans involved in the narcotic traffic. Mr. Gilbert stated that around December 15, 1965, Captain Bob Hedrix of Air America was approached by a suspect by the name of Elias L. PAPP to transport gold to Saigon. Captain Hedrix reported this to Mr. Gilbert and was instructed to continue to show interest. A few days later, Captain Hedrix was again approached by PAPP and asked if he was interested in transporting "white stuff" (heroin) to Saigon, and that Captain Hedrix's commission would be \$10,000. We conferred with Captain Hedrix, and he confirmed the above information. Captain Hedrix has extended his cooperation and agreed to introduce the Reporting Agent to the above-named suspect. When this Agent is able to return to Laos and work in and around Vientiane, he will get in touch with Captain Hedrix and attempt to initiate a case against this suspect.

12. On January 14, 1966, I had a conference with Mr. Don Whittaker of the Political Section, U.S. Embassy, Laos. Mr. Whittaker, who is up to date on the narcotic traffic in Laos, told me that he had reliable information from persons that are very close to the laboratories operating in Louang Prabang that the traffickers are at this time converting raw opium into morphine base "999," and heroin in these laboratories, which Mr. Whittaker explained is placed in plastic bags, then placed into cans in turn soldered and taken out of Laos aboard aircrafts and dropped to waiting boats around Hong Kong. Mr. Whittaker further stated that his information reveals that in Houei Sai laboratories, there is no heroin processing, only smoking opium and "999" brand morphine base.

13. Mr. Whittaker stated that his information shows that by December 1965, the laboratories at Ban Houei Sai received approximately two and one half tons of raw opium to be refined. This operation was protected by General QUAN RATHIKOUN and local civil and military officials. These local officials receive a share of the profits for their role in protecting these laboratories. Further that a refugee from Yunnan Province by the name of YANG PING HUANG, is the chemist and receives U.S. \$3.00 per day. He further stated that four local YAO

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Tribal leaders were the plants suppliers of opium and furnished approximately 4,500 pounds of opium to be refined in Houei Sai, then flown to Vientiane and Louang Prabang by either commercial or Laos Air Force aircrafts and processed into morphine in turn flown to Hong Kong and dropped to waiting boats outside the harbor.

14. Another high army official involved in the traffic is General TUAN Hsi-wen (K.M.T.). This General was involved in sending to Houei Sai approximately 12 tons of opium during November and December 1965. Further, that possibly other laboratories would be opened in the near future at Nam Kueng. General TUAN would supply the opium and General OUAN would refine it and protect it.

15. On January 15, 1966, I conferred with Mr. Bill Young of the Political Section, U.S. Embassy, Vientiane, Laos, who was brought down to Vientiane from the Ban Houei Sai area to confer with me regarding the narcotic traffic. Mr. Young confirmed Mr. Whittaker's report.